
RAILROAD EQUIPMENT LEASE AGREEMENT

7392

Dated as of January 15, 1974

RECORDATION NO. _____ Filed & Rec

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Between

INTERSTATE COMMERCE COMMISS

TRUST COMPANY FOR USL, INC., as Lessor

UNITED STATES LEASING INTERNATIONAL, INC., as Agent

And

SEABOARD COAST LINE RAILROAD COMPANY, as Lessee

(S. C. L. Trust No. 21)

RAILROAD EQUIPMENT LEASE AGREEMENT

SEABOARD COAST LINE RAILROAD COMPANY
(S. C. L. Trust No. 21)

THIS RAILROAD EQUIPMENT LEASE AGREEMENT dated as of January 15, 1974 between TRUST COMPANY FOR USL, INC., an Illinois corporation, as Trustee under a Trust Agreement dated as of January 15, 1974 (the "Lessor"), UNITED STATES LEASING INTERNATIONAL, INC., a California corporation, as agent for Lessor (the "Agent") and SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation (the "Lessee");

W I T N E S S E T H:

That for and in consideration of the premises and of the rental to be paid and the covenants hereinafter mentioned, the parties hereby agree as follows:

SECTION 1. PURCHASE, RECONSTRUCTION AND DELIVERY OF EQUIPMENT.

1.1. The Lessor, the Agent and the Lessee have entered into a Railroad Equipment Reconstruction Agreement dated as of January 15, 1974 (the "Reconstruction Agreement") providing for the reconstruction by the Lessee of certain covered hopper cars (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule 1 (the "Schedule"), attached hereto, in accordance with the specifications (the "Specifications") referred to in Section 1 of the Reconstruction Agreement, and upon delivery of each Item of Equipment and the acceptance of such Item of Equipment as provided in Section 1.2 hereof, the Lessor shall lease and let such Item of Equipment to the Lessee and the Lessee shall hire such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

1.2. The Lessor will cause each Item of Equipment to be tendered to the Lessee at such point or points as may be determined in accordance with the provisions of Section 2.1 of the Reconstruction Agreement. Upon such tender, the Lessee will cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor a Certificate of Acceptance in the form attached hereto as Exhibit A (the "Certificate of Acceptance") with respect to such Item of Equipment.

(S. C. L. Trust No. 21)

1.3. The Lessee's execution and delivery to the Lessor of a Certificate of Acceptance with respect to each Item of Equipment shall conclusively establish that such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition and appears to conform to the Specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all applicable interchange requirements of the Association of American Railroads. The Lessee represents that it has no knowledge of any such defect as of the date of such acceptance.

1.4. The Lessee will use its best efforts to cause all Items of Equipment to be delivered to and accepted by the Lessee under the Reconstruction Agreement on or before September 30, 1975. In the event any Item of Equipment is not so delivered and accepted on or before September 30, 1975, such Item will be eliminated from this Lease and this Lease will continue in full force and effect as to all Items of Equipment delivered and accepted on or before such date.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. The Lessee agrees to pay the Lessor Fixed Rental for each Item of Equipment in fourteen (14) equal consecutive semiannual installments, each in an amount equal to 7.665% of the Total Combined Cost of such Item as shown on Schedule 1.

2.2. Under the terms of the Reconstruction Agreement Items of Equipment are tentatively scheduled to be delivered to and accepted by the Lessee under this Lease in three separate groups on or about June 30, 1974, December 31, 1974 and September 30, 1975. It is also provided in the Reconstruction Agreement that the Lessor and the Lessee may informally agree to utilize only two groups on such dates as they may mutually agree. The date chosen for the closing with respect to a group of such Items, which shall also be a "Closing Date" for the financing with respect thereto, is hereinafter referred to as the "Group Delivery Date" for such Items. The first installment of Fixed Rental for all Items of Equipment in a particular group shall be due and payable on the Group Delivery Date with respect thereto. The second through fourteenth installments of Fixed Rental for each Item of Equipment shall be due and payable semiannually commencing six (6) calendar months after the first rent payment date for such Item of Equipment. The term "Business Day" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Richmond, Virginia or Chicago, Illinois are authorized to remain closed.

2.3. The Lessor and the Lessee further agree that the rental factor of 7.665% described in Section 2.1 hereof is based on the assumption the service and acceptance dates for the Items of Equipment pursuant to Section 1.3 hereof will be evenly spread over the anticipated delivery period commencing with the date of this Lease and ending September 30, 1975. Fifteen (15) days prior to each Closing Date the Lessee will deliver to the Lessor a written statement constituting a representation and agreement in connection with this Lease as to the date on which each Item of Equipment to be financed on such Closing Date became available for service and entered service and use by the Lessee. If in the opinion of the Lessor the actual dates of service as stated will cause a material adverse effect to the Lessor, the Agent, with the approval of the Lessor, will notify the Lessee of the rental factor applicable to the Items of Equipment to be financed on such Closing Date which the Agent shall certify to the Lessee provides an aggregate weighted rate of return under this Lease to the Lessor (taking into consideration the factor which are the subject of the ruling request described in Section 5(c) of the Trust Agreement referred to in the caption hereof) which is approximately equal to the rate of return which the Lessor would have achieved under the original assumption. The Lessor agrees to lease and the Lessee agrees to lease from the Lessor the Items of Equipment being financed on such Closing Date at such adjusted rate which will be incorporated in any necessary amendment of this Lease as described in Section 2.4 hereof.

2.4. On each Group Delivery Date the Lessor and the Lessee will enter into, execute and deliver an amendment to this Lease supplementing and amending the Schedule attached hereto, and setting forth a description of the Items of Equipment affected, the Group Delivery Date therefor, the Total Combined Cost thereof and the Fixed Rental payable with respect thereto.

2.5. All payments provided for in this Lease to be made to the Lessor shall be made to the Lessor at 1211 West 22nd Street, Oak Brook, Illinois 60521, or at such other place as the Lessor or its assigns shall specify in writing.

2.6. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise, nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Equipment or any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, any strike or other labor dispute, the

invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment is placed and ready for delivery to Lessor on the Lessee's lines, or is stored for the Lessor on the Lessee's lines, or leaves the Lessee's lines for off-line delivery to the Lessor.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Section 11 hereof, shall terminate with respect to such Item of Equipment seven (7) years after the date for payment of the first installment of Fixed Rental for such Item of Equipment provided for in Section 2.2 hereof.

SECTION 4. OWNERSHIP AND MARKING OF THE EQUIPMENT.

4.1. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and the possession and use thereof by the Lessee.

4.2. The Lessee shall cause each Item of Equipment to be kept numbered with its road number as set forth in the Schedule and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from United States Leasing International, Inc., as Agent for Owner-Trustee, and subject to a Security Interest Recorded with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 15 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification.

4.4. The Lessee shall indemnify the Lessor, the Agent, each Trustor under the Trust Agreement, and any assignee under Section 16 hereof against any liability, loss or expense incurred by any of them as a result of the aforesaid marking of the Equipment with such name, initials or insignia.

SECTION 5. DISCLAIMER OF WARRANTIES.

AS BETWEEN LESSOR AND LESSEE, LESSOR LEASES THE EQUIPMENT AS-IS, WITHOUT WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against any manufacturers or contractors in respect thereof.

SECTION 6. LESSEE'S INDEMNITY.

6.1. The Lessee shall defend, indemnify and save harmless the Lessor, the Agent and each Trustor under the Trust Agreement and their successors and assigns from and against:

(a) any and all loss or damage of or to the Equipment, usual wear and tear excepted, and

(b) any claim, cause of action, damages or liability, cost or expense (including counsel fees and costs in connection therewith) which may be incurred in any manner or by or for the account of any of them (i) relating to the Equipment or any part thereof, including without limitation the reconstruction, purchase, delivery, installation, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement,

operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (excepting, however, counsel fees or other costs or expenses incurred by the Agent, Trustor, Lessor or Assignee with respect to their initial participation in this lease transaction, and except counsel fees, costs and expenses incurred in the execution of all necessary documents), (ii) by reason or as the result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent infringements, or (iv) as a result of strict liability in tort.

6.2. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i) or (ii) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 hereof. The foregoing does not guarantee a residual value. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including the rules of the Department of Transportation and the Interstate Commerce Commission and the current Interchange Rules, or supplements thereto of the Mechanical Division, Association of American Railroads) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance on any such Item of Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it

only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Lessee shall not modify any Item of Equipment without written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment (except such as are not required pursuant to Section 7 hereof and can be removed without damage to, or in any way affecting or impairing either the originally intended function or the use of, such Item of Equipment) shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 9 shall survive termination of the Lease.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease and/or assignment, if any, executed by the Lessor with respect to the Equipment or the Lease to be duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act and in such other places within or without the United States as the Lessor may reasonably request and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register,

or re-record wherever and whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to, or such assignee's security interest in, the Equipment to the satisfaction of the Lessor's or such assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action.

10.2. The Lessee, or the Lessor upon notice to the Lessee and at the Lessee's expense, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing (excluding any net income tax, provided that the Lessee agrees to pay that portion of any such net income tax which is in direct substitution for, or which relieves the Lessee from, a tax which the Lessee would otherwise be obligated to pay under the terms of this Section), together with any penalties or interest thereon, imposed by any state, federal or local government upon any Item of Equipment and whether or not the same shall be assessed against or in the name of the Lessor, the Agent, the Lessee, or the Trustor under the Trust Agreement referred to in the introductory paragraph; provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment; provided, further, however, the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge, or (ii) as to assessments against or in the name of anyone other than the Lessee, until twenty (20) days after written notice thereof shall have been given to the Lessee.

SECTION 11. PAYMENT FOR CASUALTY OCCURRENCE FOR EQUIPMENT UNSERVICE-
ABLE FOR USE.

11.1. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, or in the opinion of both the Lessor and the Lessee, obsolete or economically unserviceable for use from any cause whatsoever, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any requisition which by its terms does not exceed the remaining term of this Lease, being hereinafter called a Casualty Occurrence), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor in regard thereto.

11.2. When the aggregate Casualty Value (as herein defined of Items of Equipment having the same first rental payment date which have suffered a Casualty Occurrence (exclusive of Items of Equipment described in such Schedule having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Lessor pursuant to this Section 11) shall exceed \$50,000, the Lessee shall, on the next succeeding rental payment date for such Items of Equipment, pay to the Lessor a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment; provided, that notwithstanding the foregoing, the Lessee shall pay to the Lessor a sum equal to the Casualty Value of any Item or Items of Equipment which have suffered a Casualty Occurrence during each calendar year or any prior year for which no payment has previously been made to the Lessor pursuant to this Section 11, on the last rental payment date of such calendar year for such Item or Items of Equipment.

11.3. Upon (and not until) payment of the Casualty Value in respect of any Item or Items of Equipment, the obligation to pay rental for such Item or Items of Equipment (including the Fixed Rental installment due on the Casualty Value payment date) shall terminate, but the Lessee shall continue to pay rental for all other Items of Equipment. The Lessee shall pay when due all rental payments as to an Item or Items due prior to the date on which the Casualty Value thereof is payable.

11.4. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "AS IS", "WHERE IS" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment.

11.5. In the event the Lessee shall have notified the Lessor that an Item or Items of Equipment has suffered a Casualty Occurrence prior to the commencement of Fixed Rental hereunder with respect thereto, the date of such Casualty Occurrence for such Item or Items shall be deemed to be one day after the due date of the first installment of Fixed Rental for such Item or Items of Equipment.

11.6. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Combined Cost to the Lessor of such Item of Equipment as set forth in the Schedule of Casualty Values attached hereto as Schedule 2.

11.7. The Lessee shall bear the risk of and, except as hereinabove in this Section 11 provided, shall not be released from, its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment after the date hereof.

11.8. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the remaining term of this Lease, the Lessee's duty to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property.

SECTION 12. ANNUAL REPORTS.

12.1. Upon written request of the Lessor or its assigns, on or before April 1 in each year, commencing with the year 1975, the Lessee will furnish to the Lessor or its assigns an accurate statement, as of the end of the preceding calendar year (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during such calendar year (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced.

12.2. The Lessor or its assigns shall have the rights, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or its assigns the existence and proper maintenance thereof during the continuance of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM OR DEFAULT.

Upon the expiration of the term of this Lease or if the Lessor shall terminate this Lease pursuant to Section 14 hereof with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks of the Lessee as Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such 90 day period to any reasonable place on the lines of the railroad operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than thirty (30) days written notice to Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 13, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Item of Equipment to Lessor, to demand and take possession of any Item of Equipment in the name of and on behalf of Lessee from whosoever shall be at the time in possession of such Item of Equipment.

SECTION 14. DEFAULT.

14.1. If, during the continuance of this Lease, one or more of the following events ("Events of Default") shall occur:

(a) Default shall be made in the payment of any part of the rental provided in Section 2 hereof and such default shall continue for ten (10) days;

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Equipment, or any portion thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment within thirty (30) days after written notice from the Lessor to the Lessee demanding such cancellation and recovery of possession;

(c) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for thirty (30) days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

(d) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee, and, if instituted against the Lessee, is consented to or is not dismissed within sixty (60) days after such petition shall have been filed, unless all the obligations of the Lessee under this Lease shall have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees within thirty (30) days after such appointment, if any, or sixty (60) days after such petition shall have been filed, whichever shall be earlier;

(e) Any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder), and, if instituted against the Lessee, are consented to or are not dismissed within sixty (60) days after such proceedings shall have been commenced, unless all

the obligations of the Lessee under this Lease shall have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees within thirty (30) days after such appointment, if any, or sixty (60) days after such petition shall have been filed, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(2) by notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located without judicial process if this can be done without breach of the peace and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for a number of days less than a full rental period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a 2.00% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rental.

14.2. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rental payments due hereunder, and agrees to make the rental payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the Lease of the Equipment.

14.3. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.4. If and so long as this Lease shall be deemed to be a divisible and severable contract between Lessor and Lessee, as a result of separate assignments by the Lessor pursuant to Section 16 hereof, an Event of Default which occurs and is continuing beyond the applicable period of grace, if any, in any of the said assigned and separate portions of this Lease shall constitute an Event of Default in all other assigned and separate portions of this Lease, all as if such Event of Default occurred in such other assigned and separate portion.

SECTION 15. ASSIGNMENT BY LESSOR.

This Lease shall be assignable in whole or in part by Lessor without the consent of Lessee, but Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. In the event that separate assignments are executed by the Lessor in respect of this Lease and the rental and other sums due and to become due hereunder, the Lessor and the Lessee agree that so long as such separate assignments remain in force and effect this Lease shall be deemed to be and shall be construed as a divisible and severable contract between the Lessor and the Lessee for the leasing of Equipment covered by each such separate assignment, all to the same extent and with the same force and effect as though a separate lease had been entered into by the Lessor and the Lessee in respect of such Equipment; provided, however, Lessor and Lessee agree that an Event of Default as defined in Section 14.1 hereof as to any such assigned and separate portion of this Lease shall nevertheless constitute an Event of Default in all other assigned and separate portions of this Lease, pursuant to the provisions of Section 14.4 hereof. Upon notice to the Lessee of any such assignment the Rental and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to the assignee. Without limiting the

foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of defect in Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the assignee) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the assignee, the Lessee shall be unconditionally and absolutely obligated to pay the assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the assignee which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

SECTION 16. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

16.1. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment (except to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad of the Lessee may subject such leasehold interest to the lien thereof). The Lessee shall not, without the prior written consent of the Lessor part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment except to the extent permitted by the provisions of Section 16.2 hereof.

16.2. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation, a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by the Lessee, or upon lines of railroad over which the Lessee or any such corporation has trackage or

other operating rights or over which equipment of the Lessee is regularly operated pursuant to contract and also to permit the use of the Equipment upon connecting and other railroads in the usual interchange of traffic, and to permit the subletting or lease temporarily or to permit the emergency use by other parties of any Item of Equipment in the normal course of business, but only upon and subject to all the terms and conditions of this Lease. No assignment, sublease or interchange entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

16.3. Nothing in this Section 16 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

SECTION 17. OPINION OF COUNSEL.

On or prior to the first Group Delivery Date, the Lessee will deliver to the Lessor five counterparts of the written opinion of counsel for the Lessee addressed to the Lessor, the Trustors, the Agent and to any assignee under Section 15 of which the Lessee has notice, in scope and substance satisfactory to the Lessor, to the effect that:

(a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the Commonwealth of Virginia;

(b) The Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Lease;

(c) This Lease has been duly authorized, executed and delivered by the Lessee and constitutes the valid, legal and binding agreement of the Lessee enforceable in accordance with its terms subject to applicable bankruptcy, reorganization, insolvency and moratorium laws from time to time in effect;

(d) This Lease has been filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and no filing or recording in any other public office is necessary to protect the Lessor's title to the Equipment;

(e) No approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance of the Railroad Equipment Purchase Agreement, the Railroad Equipment Reconstruction Agreement or this Lease;

(f) The execution and delivery by the Lessee of the Railroad Equipment Purchase Agreement, the Railroad Equipment Reconstruction Agreement and this Lease do not violate any provision of any law, any order of any court or governmental agency, the Charter or By-laws of the Lessee, or any indenture, agreement, or other instrument to which Lessee is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement, or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee, except as contemplated and permitted hereby; and

(g) As to any other matters which the Lessor shall reasonably request.

SECTION 18. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY THE LESSOR.

Anything to the contrary herein contained notwithstanding any nonpayment of any installment of Fixed Rental due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also an amount equal to 9.75% (or the maximum rate allowed by law, whichever is less) of the overdue Fixed Rental and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 19. NOTICES.

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first class postage prepaid, addressed as follows:

If to the Lessor
or the Agent:

Trust Company for USL, Inc.
Trustee under S. C. L. Trust No. 21
P. O. Box 66011, AMF O'Hare
Chicago, Illinois 60666

Copy to:

United States Leasing International,
Inc.
633 Battery Street
San Francisco, California 94111
Attention: Vice President - Lease
Underwriting Group

If to the Lessee:

Seaboard Coast Line Railroad Company
3600 West Broad Street
Richmond, Virginia 23230
Attention: Vice President and Treasu

or addressed to either party at such other address as such party shall hereafter furnish to the other parties in writing.

SECTION 20. EXECUTION IN COUNTERPARTS.

This Lease, and any amendment or supplement hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

SECTION 21. LAW GOVERNING.

This Lease shall be construed in accordance with the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

SECTION 22. OPTION TO PURCHASE

22.1. Terms. Provided that the Lessee is not in default Lessee shall have the following option to purchase:

(a) The Lessee shall have the right at the expiration of the term of this Lease to purchase all but not less than all of the Equipment whose term is then expiring at a price equal to the "fair market value" (as defined). The Lessee shall give to the Lessor written notice at least 180 days prior to the end of the term of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the place of payment specified in Section 2.5 hereof in funds there current against delivery of (i) a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against liens or

claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the terms of this Lease; (ii) a satisfaction and discharge of this Lease duly executed in recordable form by the Trustee or its successor and assigns as to the Equipment; (iii) a satisfaction of the Security Agreement duly executed in recordable form by the Secured Assignee. The Lessor shall not be required to make any representation or warranties as to the condition of the Equipment or any other matter, excepting the waiver required by (i) of this Section.

22.2. The "fair market value" shall be an amount mutually agreed upon by the Lessor and the Lessee; provided that if the Lessor and the Lessee are unable to agree upon the fair market value of the Equipment in question within thirty (30) days after receipt by the Lessor of the notice of the Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within ninety (90) days after receipt by the Lessor of the Lessee's election to purchase, the same shall be determined by the American Appraisal Company. The fair market value, as finally determined, shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment at the rate of 8.75% per annum. In determining the fair market value of the Equipment, any accessory, equipment and device installment thereon which, under the terms of Section 8 hereof, the Lessee is entitled to remove without an accounting to the Lessor, shall be separately appraised and the fair market value thereof shall not be included in the price to be paid by the Lessee.

22.3. Unless the Lessee has given the Lessor 180 days' notice as required in connection with exercise of the foregoing option, all the Equipment covered by such option shall be returned to the Lessor in accordance with Section 13 hereof.

22.4. Notwithstanding any election of the Lessee to purchase, the provision of Section 11 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the Equipment purchased by the Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties pursuant to this Section 22, in which event such purchase price shall govern.

SECTION 23. CONCERNING THE LESSOR AND THE AGENT.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of the Lessor, while in form purporting to be the representations, covenants, undertakings and agreements of Trust Company for USL, Inc., are nevertheless each and every one of them made and intended not as personal representations, covenants and undertakings and agreements of it in its individual corporate capacity or for the purpose or with the intention of binding it in its individual corporate capacity, but are made and intended for the purpose of binding only the Trust as that term is used in the Trust Agreement; such Trust is the lessor hereunder, and this Lease is executed and delivered by Trust Company for USL, Inc., not in its own right but solely in the exercise of the powers conferred upon it as such Trustee; and no liability or responsibility in its individual corporate capacity is assumed by nor shall at any time be asserted or enforceable against such corporation or the Agent, or any incorporator or any past, present or future officer, director, shareholder or subscriber to the capital stock of, the Trustee or the Agent, on account of this Lease or on account of any representation, covenant, undertaking or agreement of such corporation or the Agent in this Lease contained, either expressed or implied, all such individual corporate liability, if any, being expressly waived and released by the Lessee; excepting however, that the Lessee or any person claiming by, through or under it, making claim hereunder, may look to said Trust for satisfaction of the same.

SECTION 24. HEADINGS.

All Section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and their corporate seals to be hereto affixed as of the day and year first above written.

(Corporate Seal)

TRUST COMPANY FOR USL, INC.,
as Trustee under a Trust Agreement
dated January 15, 1974

ATTEST:

Joanne L. Miller
Asst. Secretary

By Bm Maushardt
Its President LESSOR

(Corporate Seal)

ATTEST:

J. F. Williams
Assistant Secretary

SEABOARD COAST LINE RAILROAD COMPANY

By

Leland G. Anderson
Its Vice President
and Treasurer

LESSEE

(Corporate Seal)

ATTEST:

Joanne L. Miller
Asst Secretary

UNITED STATES LEASING INTERNATIONAL,
INC.

By

David A. Hooley
Its Vice President

AGENT FOR LESSOR

STATE OF CALIFORNIA

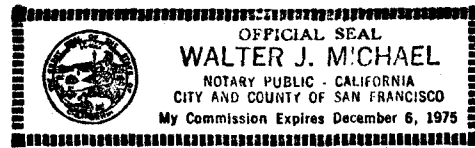
CITY AND COUNTY OF SAN FRANCISCO)

)
) SS

On this 7th day of February, 1974, before me personally appeared Ben Mawhardt, to me personally known, who being by me duly sworn, says that he is the — President of TRUST COMPANY FOR USL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Walter J. Michael

My commission expires:



STATE OF VIRGINIA)

CITY OF RICHMOND)

) SS

On this 11th day of FEBRUARY, 1974, before me personally appeared Leonard G. Anderson, to me personally known, who being by me duly sworn, says that he is the Vice President and Treasurer of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

J. F. Chapman

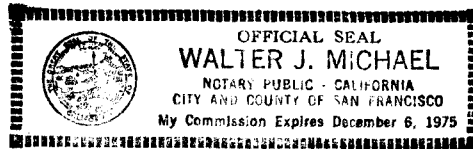
My commission expires: 02-01-78

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 7th day of February, 1974, before me personally appeared David A. Woods, to me personally known, who being by me duly sworn, says that he is a Vice President of UNITED STATES LEASING INTERNATIONAL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Walter J. Michael

My commission expires:



CERTIFICATE OF ACCEPTANCE
UNDER
RAILROAD EQUIPMENT RECONSTRUCTION AGREEMENT
AND
RAILROAD EQUIPMENT LEASE AGREEMENT
BOTH DATED AS OF JANUARY 15, 1974

TO: TRUST COMPANY FOR USL, INC., as Trustee under Trust Agreement
dated as of January 15, 1974.

UNITED STATES LEASING INTERNATIONAL, INC., as Agent for the
Trustee.

I, duly appointed and authorized representative of Trust
Company for USL, Inc., as Trustee, and Seaboard Coast Line Railroad
Company, under the Railroad Equipment Reconstruction Agreement and
the Railroad Equipment Lease Agreement, both dated as of January 15,
1974, and both being between said Trustee and said Seaboard Coast
Line Railroad Company and United States Leasing International, Inc.,
as Agent for said Trustee, all as named therein, do hereby certify
that I inspected, received, approved and accepted delivery under
the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED:

I do further certify that the foregoing Items of Equipment
are in good order and condition, and appear to conform to the
specifications applicable thereto and to all applicable United States
Department of Transportation and Interstate Commerce Commission
requirements and specifications and to all applicable interchange
requirements of the Association of American Railroads, and that each
Item has been marked in accordance with Section 4.2 of the Lease.

EXHIBIT A
to Lease

I do further certify that each of the foregoing Items of Equipment has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from United States Leasing International, Inc., as Agent for Owner-Trustee, and subject to a Security Interest Recorded with the I.C.C."

The execution of this Certificate will in no way relieve or decrease the responsibility of Seaboard Coast Line Railroad Company for any warranties it has made with respect to the Equipment.

DATED: _____, 197_

Inspector and Authorized Representative of Seaboard Coast Line Railroad Company

SCHEDULE 1

Description of Reconstructed Equipment:	(a) Type A Equipment - 350 covered hopper cars bearing identifying numbers SCL 200550 through SCL 200899, both inclusive.
	(b) Type B Equipment - 48 covered hopper cars bearing identifying numbers SCL 200502 through SCL 200549, both inclusive.
Combined Cost per unit of Reconstructed Equipment:	(a) Type A Equipment - \$5,895 per car.
	(b) Type B Equipment - \$5,616 per car.
Total Combined Cost	(a) Type A Equipment - \$2,063,250
	(b) Type B Equipment - \$269,568
Outside Delivery Date:	September 30, 1975
Deliver to:	Seaboard Coast Line Railroad Company (as designated by the Railroad)
Rent Period:	Seven (7) years commencing with the first rental payment date
Fixed Rental:	(a) Type A Equipment - Fourteen (14) semiannual rental payments, in advance, at \$451.85 per unit of Equipment.
	(b) Type B Equipment - Fourteen (14) semiannual rental payments, in advance, at \$430.47 per unit of Equipment.
Trustors:	The First National Bank of Birmingham (66%) The Alabama National Bank of Montgomery (34%)
Lessee:	Seaboard Coast Line Railroad Company
Lender:	Bank of America National Trust and Savings Association

(S. C. L. Trust No. 21)

SCHEDULE 2

SCHEDULE OF CASUALTY VALUE

CASUALTY VALUE: The following per cent of original cost to Lessor of an Item of Equipment covered by the Lease, including all taxes and delivery charges, is to be paid on a rental payment due date pursuant to Section 11.2 of the Lease as the result of an Item becoming the subject of a Casualty Occurrence, depending upon when the Casualty Value is paid:

<u>After Rental Payment No.</u>	<u>Payable on Date and in Lieu of Payment No.</u>	<u>Casualty Value Payable Per Item [in lieu of rental payment for such item due on such date]</u>
1	2	101.500
2	3	99.375
3	4	96.625
4	5	93.375
5	6	89.750
6	7	85.750
7	8	76.875
8	9	72.125
9	10	67.000
10	11	60.625
11	12	49.500
12	13	42.625
13	14	35.625
14	Thereafter	15.000